Also, GTE is asked to identify and explain any discrepancies that exist between the 1990 user counts provided in response to (a) above and those that were used to calculate interstate costs when they converted from cost of service to price cap regulation.

GTE found discrepancies between the user counts provided in response to ¶51a and those reported in the ARMIS 43-04 Report. The user counts displayed on the ARMIS 43-04 Report double counted the directory advertising users. This ARMIS 43-04 Report display error of double counting the directory advertising users had no impact on the allocation to appropriate services of the OB&C expense reported on the ARMIS 43-04 Report. GTE made no adjustments between the user counts used to calculate OB&C expense and those used to calculate interstate costs when initializing Price Caps.

The Designation Order (at ¶51d) requires GTE to provide the message counts used in allocating the message toll portion of OB&C Expense between the intrastate and interstate jurisdictions. Exhibit C-2, SPRC Messages, outlines the SPRC message counts used in allocating the message toll portion of OB&C expense to the intrastate and interstate jurisdictions for years 1990 through 1996. Additional records for 1990 through 1993 are currently being retrieved as explained in detail in response to ¶51a *supra*.

The Designation Order (at ¶51e) requires GTE to explain the process by which messages were counted for jurisdictional separations purposes during this seven-year period and to explain the assumptions (including the time period over which the information was gathered) and methodologies that were used. The 1990, 1991, 1992, 1993 and 1994 message counts used in the calculation of OB&C expense were based on SPRC messages extracted from the billing system. The time period from which the SPRC message count was extracted was a representative prior period and differed between study areas and regions of the country. Additional detail will be available upon receipt of archived data, as stated in response to ¶51a. In 1995, all study areas used 1995 SPRC message counts representing multiple months of 1995 annualized in the calculation of OB&C expense. The only exception was GTOC study area GLMI, which used data that was representative of 1991.

The GTOC study area message counts reflect the impact of the interexchange carrier ("IXC") "take back" of billing and collecting services, while the GSTC study areas reflect a blended impact of that IXC take back. In 1995, not all GSTC study areas had experienced the take back of billing and collection services by the IXCs.

The 1996 SPRC message counts were frozen using the 1995 counts for all GTOC study areas with the exception of GTOC GLMI. All but two GSTC study areas (COAL and COIL) were updated with more recent data to reflect the impact of the IXC take back.

The Designation Order (at ¶51f) provides that in the event the message counts provided in response to (d) exclude some toll messages which appear on customer bills, the LEC is to provide the counts for the excluded messages and to explain why these message counts were not included in the allocation factor used for separating the message toll portion of OB&C Expense. The message counts provided in response to ¶51d include the billable, toll messages that appear on customer bills. There were no toll message counts excluded.

The Designation Order (at ¶51g) requires GTE to identify any discrepancies that exist between the message counts provided in response to (d) and those that were reported in ARMIS Report 43-04 and to explain why these discrepancies occurred. Also, GTE must identify and explain any discrepancies that exist between the 1990 message counts provided in response to (d) and those that were used to calculate interstate costs when initializing Price Caps.

GTE found discrepancies between SPRC messages provided in response to ¶51d and those reported on the ARMIS 43-04 Report for the years 1992 and 1993. The SPRC message counts were constant in 1992 and 1993 for the allocation to jurisdictions for message toll users. The message counts were not correctly reported on the ARMIS 43-04 Report for 1992 and 1993. The separated OB&C expense amounts reported on the ARMIS 43-04 reports are correct. This is the result of the jurisdictional allocation being based upon the constant SPRC message counts and not the incorrect message counts displayed on the ARMIS reports. GTE made no adjustments between the message counts used to calculate OB&C expense and those used to calculate interstate costs when initializing Price Caps.

The Designation Order (at ¶51h) requires GTE to explain and to document how Carrier Billing and Collection Revenue was jurisdictionally separated during this period and, if this revenue was separated based on toll message counts, to identify these counts. Also, if these counts differ from the toll message counts discussed above, GTE must explain why or if an alternative methodology was used for separating these revenues, identifying the measurements used as a basis of allocation.

Carrier Billing and Collection Revenue is identified and recorded on the books based on selective messages extracted from the billing system. The message selection process first identifies the composite messages to be used for carrier billing, taking into consideration the carrier's contractual agreements for billing services. Messages are then selected to be processed for each individual carrier. The selected messages are processed against rate tables which rate usage based on contracted and/or tariffed rates. After the final rating is done, bills are produced and sent out to carriers and automatic journalization to the books occurs. The 1995 and 1996 toll message counts used to jurisdictionally separate Carrier Billing and Collection Revenue are identified in Exhibit C-3, Carrier Billing and Collection Revenue Message Counts. Data for prior years is not readily available.

Carrier Billing and Collection messages differ from the SPRC messages discussed above both in volume and in their respective distribution to the interstate and intrastate jurisdictions. These message counts include message counts recorded by interexchange carriers, while SPRC message counts include only those message counts recorded and processed by GTE. Since the Carrier Billing and Collection message counts represent messages billed on behalf of interexchange carriers, these messages, primarily high toll, WATS and 900, have a higher allocation to the interstate jurisdiction, primarily interstate interLATA. SPRC messages, on the other hand, represent all toll messages, including intrastate LATA toll messages from GTE's own customers. The inclusion of intrastate LATA messages in the SPRC messages results in a higher distribution of messages to the state jurisdiction (lower to the interstate jurisdiction) due to the greater volume and proportion of intrastate messages to total messages. Intrastate LATA message distribution to the state jurisdiction comprises approximately 60% of GTE's total toll messages in 1994 and approximately 75% from 1995 forward.

The Designation Order (at ¶51i) requires GTE to explain if OB&C expense is not categorized or apportioned according to the prescribed factors and to provide revised separations results reflecting appropriate use of the prescribed factors. GTE has followed the prescribed allocation procedures and factors. There are no instances where GTE has not categorized or apportioned OB&C expenses based on the prescribed rules and separation procedures, with the exception of the application of 5% common line assignment of GSTC study areas in 1990 and 1991.

The Designation Order (at ¶52a) requires GTE to explain why message counts or user counts which were used as a basis of allocation remain constant from one year to the next. The primary reasons for freezing message or user counts are the upgrading and changing to new systems. Also, the coordination of data from the sale of property, mergers, and consolidations necessitated the use of constant data until the next basic study was scheduled and could be performed.

The Designation Order (at ¶52b) requires GTE to provide work papers showing the calculations of the OB&C exogenous change contained in the 1997 Price Cap filing using calendar year 1996 data rather than the twelve months ended June 1996. Included, as Exhibit C-4, OBC Expense Exogenous Calculation, is a work paper displaying GTE's calculation of the OB&C exogenous change using calendar year 1996 data as filed on ARMIS 43-04 Report, Submission 02. The work papers display the exogenous impact for GTE Texas (GTTX), separate impacts for GTOC and GSTC and a total for GTE. GTE used a similar methodology when calculating the OB&C exogenous amount contained in the access tariff revisions filed to become effective July 1, 1997. However, the base period of data used was for the period twelve months ended June 1996. The total interstate OB&C exogenous impact originally filed was:

	GTOC	GSTC	TOTAL
Total Interstate	$66,221,250	$12,753,686	$78,974,936
Common Line	$15,232,801	$ 2,155,990	$17,388,791
Traffic Sensitive	$ 3,521,982	$ 555,381	$ 4,077,363
Trunking	$ 5,518,832	$ 669,283	$ 6,188,115
Non-Access	$41,947,635	$ 9,373,032	$51,320,667

The total Interstate OB&C exogenous impact calculated using calendar year 1996 data as displayed in Exhibit C-4, OBC Expense Exogenous Calculation, is:

	GTOC	GSTC	TOTAL
Total Interstate	$72,793,000	$15,473,000	$88,266,000
Common Line	$16,329,000	$ 2,792,000	$19,121,000
Traffic Sensitive	$ 3,767,000	$ 698,000	$ 4,465,000
Trunking	$ 6,244,000	$ 809,000	$ 7,053,000
Non-Access	$46,453,000	$11,174,000	$57,627,000

The Designation Order (at ¶53) requires GTE to explain and document the methodology it used, during the period 1990 through 1996, to distribute customer services expense among the three categories prescribed by section 36.376 of the Commission's rules. GTE must also explain the growth in category 3 and the decline in category 1 during this period.

For the period from 1990-1996, GTE did not distribute customer services expenses among the three categories prescribed by Section 36.376 within its separations system. The costs are assigned to sub-level detail on the books based upon the service being performed or the function being performed. These sub-level accounts are then assigned to the appropriate category within the separations system.

There have been no significant changes of accounts between categories within the separations' system during the 1990-1996 period.

The relationship of the category 1 and the relationship of the category 3 customer service expense to the total customer services expense is relatively constant from 1990 through 1994. The category 3 increase is primarily due to an increase in the customer services administration expense account. This increase is primarily attributable to occupational and support labor costs along with internal communications costs.

A review of 1994, 1995 and 1996 by sub-level account code for category 1 indicates a decrease in the residential, business and interexchange carrier service order processing and billing inquiry which is consistent with customer service center consolidations and re-engineering processes. In addition, a decrease in interexchange carrier payment and collection expenses was due to the IXCs taking those functions back within their own companies. The combination of the decrease in category 1 expense dollars and the increase in category 3 expense dollars resulted in an increase in the overall percent distribution of category 3 to the total customer services expense. GTE can offer no explanation regarding the RBOCs' expense distribution between the categories of customer service expense.

The Designation Order (at ¶54) requires GTE to explain why the share of user counts attributed to message toll users decreased from 1995 to 1996. The 1996 message toll user counts used data from the representative period of July 1996. As discussed *supra*, the IXC "take back" of billing and collection services is reflected in the data and explains a lower number of the message toll customers. Also in 1996, GTE filed new EAS routes in several states, thereby lowering the number of message toll customers. These customers would have already been incorporated in the exchange user count so there would be no change (increase) to such exchange user count. The 1995 message toll user counts used the representative period of October 1994, which does not reflect the IXC take back of the billing and collection functions. The combination of these conditions lowered the GTE message toll user counts in 1996 as compared to 1995.

The Designation Order (at ¶55) requires GTE to explain why the share of billed toll messages attributed to interstate calls changed between 1990 and 1996. As explained *supra*, the majority of GTE's change is due to the IXC take back of Billing and Collection functions. The largest change in message counts occurred between 1994 and 1996.

The Designation Order (at ¶56) asks GTE to explain: (1) why its interstate share of billed messages increased from approximately 17 percent to 37 percent for the period 1990 to 1992, (2) why for 1995 the interstate share of billed toll messages declined even though, during the same year, there was an increase in the interstate share of Carrier Billing and Collection Revenues and, (3) why for 1996 it attributed only 8.7 percent of toll message counts to interstate messages while it allocated 45 percent of Carrier Billing and Collection Revenues to the billing of interstate calls.

In response to (1), GTE expanded its offering of EAS service areas during the periods of 1990 through 1992. This resulted in the interstate jurisdiction having a higher proportion of total billed toll messages. In response to (2), although there is no correlation between the SPRC messages and the Carrier Billing and Collection Revenues (*see* response to ¶51h *supra*), the explanation for the decrease in interstate SPRC messages is primarily the result of the IXCs' take back of billing and collection functions for GTOC study areas and for some GSTC study areas. In response to (3), both GTOC and GSTC had experienced the effect of the take back of IXCs' billing and collection functions by 1996.

The increase in the interstate share of Carrier Billing and Collection Revenues between 1994 and 1995 and the 45 percent allocation of the Carrier Billing and Collection Revenues to interstate in 1996 does not have a direct relationship with the decrease of the interstate share of SPRC billed toll messages identified above.

As stated in response to ¶ 51h above, the differences in message count distributions create a mutually exclusive relationship between the allocation to the interstate jurisdiction of OB&C Expense (lower allocation to interstate due to the inclusion of state LATA messages in the total count) and the allocation of related Carrier Billing and Collection Revenues.

The Designation Order (at ¶57) raises questions of why there is not a positive relationship between the interstate share of billed toll messages and the interstate share of revenues associated with the billing of those messages. Questions are also raised as to why GTE reported decreases in its 1995 share of billed toll messages that exceed the corresponding average decrease for the RBOCs.

GTE's toll portion of OB&C Expense represents all expenses associated with the preparation of customers' bills, except carrier access charge bills. The allocator, SPRC messages, properly allocated these expenses to all jurisdictions. The Carrier Billing and Collection Revenues are derived from interLATA messages as recorded by IXCs. Since their individual allocators are not comprised of the same volume or distribution of message counts, contracted Billing and Collection Revenues' interstate allocation does not correlate to the toll portion of OB&C Expense interstate allocation.

As the Bureau correctly states, the accuracy of the interstate share of billed toll messages would affect the accuracy of exogenous change calculations because that interstate share is used to separate a portion of OB&C expenses. An understatement to the interstate assignment of OB&C expenses would result in an excessive exogenous adjustment and would exaggerate the effect of raising the assignment to the 33 percent level established by the new rule. However, a comparison of interstate allocations using Carrier Billing and Collection Revenues is not a correct measurement since, as previously explained, their respective allocations are derived from different message count distributions.

GTE has properly followed prescribed rules and correctly apportioned the message toll expense portion of OB&C Expenses on the basis of the relative number of messages. This relative number of messages should include intrastate LATA messages, and for GTE, the intrastate LATA portion represents a significant portion of total toll messages. This volume of intrastate LATA messages does not change significantly as does the interLATA volume of messages changes (increases or decreases) due to fluctuations in business conditions or the IXC take back of billing and collection functions. GTE is unable to explain why the RBOCs have not experienced a similar decrease in billed toll messages.

The Designation Order (at ¶58) requires GTE to explain why it used the 12 months ending June 1996 rather than calendar year 1996, in connection with its 1997 Annual Access Tariff filing, for purposes of calculating the exogenous changes associated with the separations rule change for OB&C Expense. GTE used the 12 months ending June 1996 rather than calendar year 1996 for purposes of calculating the exogenous changes associated with the separations rule change for OB&C expense primarily for administrative and resource reasons.

First, with the number of study areas in which GTE operates, it is not feasible to wait for the results of the calendar year study prior to performing exogenous studies. This also allows the provision of the exogenous data to other groups within GTE and assists in meeting associated work schedules. Second, GTE attempts to perform as many of the exogenous changes as possible in the fourth quarter of the calendar year because the same group which develops the exogenous data is also directly involved in the creation and submission of the ARMIS reports. With the due dates falling very closely together and the requirement for ARMIS data to represent calendar year data, GTE uses the most recent twelve month data available to determine its base for exogenous changes. As Exhibit C-4, OBC Expense Exogenous Calculation displays, if GTE were to have calculated its OB&C exogenous changes on calendar year 1996 data rather than twelve months ending June 1996, the exogenous impact would have been greater than the exogenous impact filed in relation to the OB&C rule change. *See* response to ¶ 52(b) *supra*.

CONCLUSION

For the foregoing reasons, GTE believes it has properly forecasted the interstate Base Factor Portion revenue requirement contained in the 1997 annual access tariff filing. GTE has also justified the allocation of OB&C expense and has shown that its exogenous adjustments for OB&C expense are reasonably based and reflect all primary and secondary impacts of the Commission's rules.

Respectfully submitted,

GTE Service Corporation on behalf of its affiliated GTE Telephone Operating Companies and the GTE System Telephone Companies

By ______________________

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September 2, 1997

THEIR ATTORNEY

TREND OF THE CALENDAR YEAR ACTUAL BFP REVENUE REQUIREMENT

ADJUSTED FOR THE SALE OF PROPERTY

(DOLLARS IN 1000's)

SERIES 1: GSF, SPF, DEM, & OBC

	(A) ARMIS, 43-01 ROW NO. or EQUIVALENT DATA	(B) ITEM DESCRIPTION	(C) GSTC	(D) GTOC	(E) (C + D) TOTAL	(F) (AA) GSTC	(G) (AB) GTOC	(H) (AC) TOTAL	(I) (C + F) GSTC	(J) (D + G) GTOC	(K) (E + H) TOTAL
			|—— ACTUAL ——|			|-- TOTAL RULE CHANGE IMPACTS --| (REFER TO COLS. L-AC FOR SUPPORT)			|—— ADJUSTED ACTUAL ——|		
	ARMIS CALENDAR YEAR: Jan - Dec., 1991										
1	1190, col. k	+ Total Operating Expenses	214,245	612,517	826,762	28,967	85,235	114,203	243,212	697,753	940,965
2	1490, col. m * ratio (2)	+ Total Other Taxes	6,388	49,763	56,151	658	4,390	5,049	7,046	54,153	61,199
3	(1)	+ Net Fed. Income Taxes	13,680	61,674	75,354	706	5,078	5,784	14,386	66,752	81,138
4	(1910, col. k * .1125%)	+ Average Net Investment * 11.25%	46,140	214,777	260,918	2,708	15,696	18,405	48,848	230,474	279,322
5	1080, col. m * ratio (2)	+ Uncollectible Revenues	459	10,761	11,220	0	0	0	459	10,761	11,220
6	1040, col. m * ratio (2)	- Misc. Revenues	(624)	2,358	1,734	196	302	497	(428)	2,660	2,232
7	1290, col. k	- Other Operating Income/Loss	0	145	145	(1)	(57)	(58)	(1)	88	87
8	1390, col. k	+ Total Non-Operating Items	104	1,096	1,200	0	142	142	104	1,238	1,342
9	equals	BFP Revenue Requirement	281,641	948,065	1,229,725	32,845	110,298	143,143	314,485	1,058,383	1,372,868

SUPPORT CALCULATIONS--
ARMIS CALENDAR YEAR: Jan - Dec., 1991

			GSTC	GTOC	TOTAL
10	(1)	Federal Income Taxes calculated as follows:			
11	(1910, col. k * .1125%)	[{(Avg. Net Investment * 11.25%) (3)	46,140	214,777	260,918
12	1510, col. k	- Fixed Charges	14,340	67,685	82,026
13	1520, col. k	+ IRS Income Adjust'ts	2,776	21,250	24,026
14	1530, col. k	+ FCC Taxable Inc. Adjust'ts	0	449	449
15	1540, col. k	- ITC Amortization	3,209	18,781	21,990
16	1550, col. k	- FCC ITC Adj't}	0	0	0
17	times (.35/.65) equals	+ FIT before Adjustments]	16,889	80,775	97,664
18	1540, col. k	- ITC Amortization	3,209	19,101	22,310
19	1550, col. k	- FCC ITC Adjust't	0	0	0
20	equals	Net Federal Income Taxes	13,680	61,674	75,354

FOOTNOTES:
1) Detail calculation of Federal Income Taxes--Line 10
2) Ratio of Total Operating Exp. (1190) col. k (BFP) to col. m (Com. Ln.): Exhibit A-5
3) For the calculation of FIT, the investment for Micronesia is not included because MTC is not subject to Mainland Federal Income Tax calculation.
4) Exhibit A-4 source of rule change impacts

TREND OF THE CALENDAR YEAR ACTUAL BFP REVENUE REQUIREMENT

RULE CHANGE IMPACTS--DETAIL

(DOLLARS IN 1000's)

SERIES 1: GSF, SPF, DEM, & OBC

	(A) ARMIS 43-01 ROW NO.	(B) ITEM DESCRIPTION	(L) GSTC	GSF (M) GTOC	(N) (L + M) TOTAL	(O) GSTC	SPF (P) GTOC	(Q) (O + P) TOTAL	(R) GSTC	DEM (S) GTOC	(T) (R + S) TOTAL
	ARMIS CALENDAR YEAR: Jan - Dec., 1991										
1	1190, col. k	+ Total Operating Expenses	30,891	100,191	131,083	(2,977)	(17,880)	(20,857)	219	2,924	3,143
2	1490, col. m * ratio (2)	+ Total Other Taxes	852	6,242	7,095	(193)	(1,963)	(2,156)	(1)	111	110
3	(1)	+ Net Fed. Income Taxes	1,006	6,943	7,949	(314)	(1,994)	(2,307)	14	129	143
4	(1910, col. k * .1125%)	+ Average Net Investment * 11.25%	3,737	22,433	26,170	(1,054)	(7,186)	(8,240)	25	450	474
5	1060, col. m * ratio (2)	+ Uncollectible Revenues	0	0	0	0	0	0	0	0	0
6	1040, col. m * ratio (2)	- Misc. Revenues	199	289	488	(12)	(34)	(45)	9	46	55
7	1290, col. k	- Other Operating Income/Loss	(1)	(43)	(44)	0	(6)	(6)	0	(8)	(8)
8	1390, col. k	+ Total Non-Operating Items	1	173	174	(1)	(35)	(36)	0	4	4
9	equals	BFP Revenue Requirement	36,290	135,736	172,026	(4,527)	(29,018)	(33,545)	247	3,580	3,827

FOOTNOTES:
1) Detail calculation of Federal Income Taxes--Line 10
2) Ratio of Total Operating Exp. (1190) col. k (BFP) to col. m (Com. Ln.): Exhibit A-5
3) For the calculation of FIT, the investment for Micronesia is not included because MTC is not subject to Mainland Federal Income Tax calculation.
4) Exhibit A-4 source of rule change impacts

TREND OF THE CALENDAR YEAR ACTUAL BFP REVENUE REQUIREMENT

SERIES 1: GSF, SPF, DEM, & OBC

			RULE CHANGE IMPACTS--DETAIL						RULE CHANGE IMPACTS--SUMMARY		
			5% OBC TO CL			OPEB			TOTAL RULE CHANGE IMPACTS		
	(A) ARMIS 43-01 ROW NO.	(B) ITEM DESCRIPTION	(U) GSTC	(V) GTOC	(W) (U + V) TOTAL	(X) GSTC	(Y) GTOC	(Z) (X + Y) TOTAL	(AA) (L,O,R,U,X) GSTC	(AB) (M,P,S,V,Y) GTOC	(AC) (AA + AB) TOTAL
	ARMIS CALENDAR YEAR: Jan - Dec., 1991										
1	1190, col. k	+ Total Operating Expenses	834	0	834		DATA		28,967	85,235	114,203
2	1490, col. m * ratio (2)	+ Total Other Taxes	0	0	0		NOT		658	4,390	5,049
3	(1)	+ Net Fed. Income Taxes	0	0	0		REQUIRED		706	5,078	5,784
4	(1910, col. k * .1125%)	+ Average Net Investment * 11.25%	0	0	0				2,708	15,696	18,405
5	1060, col. m * ratio (2)	+ Uncollectible Revenues	0	0	0				0	0	0
6	1040, col. m * ratio (2)	- Misc. Revenues	0	0	0				196	302	497
7	1290, col. k	- Other Operating Income/Loss	0	0	0				(1)	(57)	(58)
8	1390, col. k	+ Total Non-Operating Items	0	0	0				0	142	142
9	equals	BFP Revenue Requirement	834	0	834				32,845	110,298	143,143

FOOTNOTES:
1) Detail calculation of Federal Income Taxes--Line 10
2) Ratio of Total Operating Exp. (1190) col. k (BFP) to col. m (Com. Ln.): Exhibit A-5
3) For the calculation of FIT, the investment for Micronesia is not included because MTC is not subject to Mainland Federal Income Tax calculation.
4) Exhibit A-4 source of rule change impacts

TREND OF THE CALENDAR YEAR ACTUAL BFP REVENUE REQUIREMENT

ADJUSTED FOR THE SALE OF PROPERTY

(DOLLARS IN 1000's)

SERIES 1: GSF, SPF, DEM, & OBC

	(A) ARMIS, 43-01 ROW NO. or EQUIVALENT DATA	(B) ITEM DESCRIPTION	ACTUAL (C) GSTC	(D) GTOC	(E) (C + D) TOTAL	TOTAL RULE CHANGE IMPACTS (F) (AA) GSTC	(G) (AB) GTOC	(H) (AC) TOTAL	ADJUSTED ACTUAL (I) (C + F) GSTC	(J) (D + G) GTOC	(K) (E + H) TOTAL
						(REFER TO COLS. L-AC FOR SUPPORT)					
	ARMIS CALENDAR YEAR: Jan - Dec., 1992										
1	1190, col. k	+ Total Operating Expenses	254,951	645,342	900,293	29,859	94,799	124,658	284,810	740,141	1,024,951
2	1490, col. m * ratio (2)	+ Total Other Taxes	9,069	55,579	64,646	788	5,514	6,302	9,856	61,093	70,949
3	(1)	+ Net Fed. Income Taxes	12,920	72,219	85,139	903	6,234	7,137	13,822	78,453	92,275
4	(1910, col. k * .1125%)	+ Average Net Investment * 11.25%	46,045	221,727	267,772	3,390	20,091	23,481	49,434	241,818	291,252
5	1060, col. m * ratio (2)	+ Uncollectible Revenues	4,694	11,278	15,972	0	0	0	4,694	11,278	15,972
6	1040, col. m * ratio (2)	- Misc. Revenues	2,377	2,721	5,098	198	293	491	2,575	3,015	5,589
7	1290, col. k	- Other Operating Income/Loss	(16)	42	26	(1)	(45)	(46)	(17)	(3)	(20)
8	1390, col. k	+ Total Non-Operating Items	102	1,321	1,423	1	158	159	103	1,479	1,582
9	equals	BFP Revenue Requirement	325,419	1,004,703	1,330,122	34,743	126,547	161,290	360,162	1,131,250	1,491,412

SUPPORT CALCULATIONS–

ARMIS CALENDAR YEAR: Jan - Dec., 1992

			GSTC	GTOC	TOTAL
10	(1) Federal Income Taxes calculated as follows:				
11	(1910, col. k * .1125%)	[{(Avg. Net Investment * 11.25%) (3)	46,045	221,011	267,055
12	1510, col. k	- Fixed Charges	13,729	64,741	78,470
13	1520, col. k	+ IRS Income Adjust'ts	1,384	16,229	17,613
14	1530, col. k	+ FCC Taxable Inc. Adjust'ts	54	434	488
15	1540, col. k	- ITC Amortization	3,416	13,393	16,809
16	1550, col. k	- FCC ITC Adj't)	0	0	0
17	times (.35/.65) equals	+ FIT before Adjustments]	16,336	85,906	102,242
18	1540, col. k	- ITC Amortization	3,416	13,687	17,103
19	1550, col. k	- FCC ITC Adjust't	0	0	0
20	equals	Net Federal Income Taxes	12,920	72,219	85,139

FOOTNOTES:
1) Detail calculation of Federal Income Taxes--Line 10
2) Ratio of Total Operating Exp. (1190) col. k (BFP) to col. m (Com. Ln.): Exhibit A-5
3) For the calculation of FIT, the investment for Micronesia is not included because MTC is not subject to Mainland Federal Income Tax calculation.
4) Exhibit A-4 source of rule change impacts

TREND OF THE CALENDAR YEAR ACTUAL BFP REVENUE REQUIREMENT

RULE CHANGE IMPACTS--DETAIL

(DOLLARS IN 1000's)

SERIES 1: GSF, SPF, DEM, & OBC

	(A) ARMIS 43-01 ROW NO.	(B) ITEM DESCRIPTION	GSF (L) GSTC	GSF (M) GTOC	(N) (L + M) TOTAL	SPF (O) GSTC	SPF (P) GTOC	(Q) (O + P) TOTAL	DEM (R) GSTC	DEM (S) GTOC	(T) (R + S) TOTAL
	ARMIS CALENDAR YEAR: Jan - Dec., 1992										
1	1190, col. k	+ Total Operating Expenses	30,891	100,191	131,083	(1,118)	(6,167)	(7,285)	86	775	861
2	1490, col. m * ratio (2)	+ Total Other Taxes	852	6,242	7,095	(67)	(762)	(828)	2	33	35
3	(1)	+ Net Fed. Income Taxes	1,006	6,943	7,949	(106)	(746)	(852)	3	37	40
4	(1910, col. k * .1125%)	+ Average Net Investment * 11.25%	3,737	22,433	26,170	(357)	(2,461)	(2,818)	9	119	128
5	1080, col. m * ratio (2)	+ Uncollectible Revenues	0	0	0	0	0	0	0	0	0
6	1040, col. m * ratio (2)	- Misc. Revenues	199	289	488	(8)	(10)	(18)	7	14	21
7	1290, col. k	- Other Operating Income/Loss	(1)	(43)	(44)	0	(2)	(2)	0	0	0
8	1390, col. k	+ Total Non-Operating Items	1	173	174	0	(19)	(19)	0	4	4
9	equals	BFP Revenue Requirement	36,290	135,736	172,026	(1,640)	(10,143)	(11,782)	93	954	1,046

FOOTNOTES:
1) Detail calculation of Federal Income Taxes--Line 10
2) Ratio of Total Operating Exp. (1190) col. k (BFP) to col. m (Com. Ln.): Exhibit A-5
3) For the calculation of FIT, the investment for Micronesia is not included because MTC is not subject to Mainland Federal Income Tax calculation.
4) Exhibit A-4 source of rule change impacts

TREND OF THE CALENDAR YEAR ACTUAL BFP REVENUE REQUIREMENT

SERIES 1: GSF, SPF, DEM, & OBC

			RULE CHANGE IMPACTS--DETAIL						RULE CHANGE IMPACTS--SUMMARY		
			5% OBC TO CL			OPEB			TOTAL RULE CHANGE IMPACTS		
	(A) ARMIS 43-01 ROW NO.	(B) ITEM DESCRIPTION	(U) GSTC	(V) GTOC	(W) (U + V) TOTAL	(X) GSTC	(Y) GTOC	(Z) (X + Y) TOTAL	(AD) (L,O,R,U,X) GSTC	(AE) (M,P,S,V,Y) GTOC	(AF) (AA + AB) TOTAL
	ARMIS CALENDAR YEAR: Jan - Dec., 1992										
1	1190, col. k	+ Total Operating Expenses					DATA		29,859	94,799	124,658
2	1490, col. m * ratio (2)	+ Total Other Taxes					NOT		788	5,514	6,302
3	(1)	+ Net Fed. Income Taxes					REQUIRED		903	6,234	7,137
4	(1910, col. k * .1125%)	+ Average Net Investment * 11.25%							3,390	20,091	23,481
5	1080, col. m * ratio (2)	+ Uncollectible Revenues							0	0	0
6	1040, col. m * ratio (2)	- Misc. Revenues							198	293	491
7	1290, col. k	- Other Operating Income/Loss							(1)	(45)	(46)
8	1390, col. k	+ Total Non-Operating Items							1	158	159
9	equals	BFP Revenue Requirement	0	0	0				34,743	126,547	161,290

FOOTNOTES:
1) Detail calculation of Federal Income Taxes--Line 10
2) Ratio of Total Operating Exp. (1190) col. k (BFP) to col. m (Com. Ln.): Exhibit A-5
3) For the calculation of FIT, the investment for Micronesia is not included because MTC is not subject to Mainland Federal Income Tax calculation.
4) Exhibit A-4 source of rule change impacts

TREND OF THE BFP CALENDAR YEAR ACTUAL REVENUE REQUIREMENT

ADJUSTED FOR THE SALE OF PROPERTY

(DOLLARS IN 1000's)

SERIES 1: GSF, SPF, DEM, & OBC

	(A) ARMIS, 43-01 ROW NO. or EQUIVALENT DATA	(B) ITEM DESCRIPTION	ACTUAL (C) GSTC	(D) GTOC	(E) (C + D) TOTAL	TOTAL RULE CHANGE IMPACTS (REFER TO COLS. L-AC FOR SUPPORT) (F) (AA) GSTC	(G) (AB) GTOC	(H) (AC) TOTAL	ADJUSTED ACTUAL (I) (C + F) GSTC	(J) (D + G) GTOC	(K) (E + H) TOTAL
	ARMIS CALENDAR YEAR: Jan - Dec., 1993										
1	1190, col. k	+ Total Operating Expenses	274,694	734,871	1,009,565	15,343	50,096	65,439	290,037	784,967	1,075,004
2	1490, col. m * ratio (2)	+ Total Other Taxes	9,587	55,039	64,626	421	3,121	3,543	10,008	58,160	68,168
3	(1)	+ Net Fed. Income Taxes	14,277	78,438	92,716	489	3,471	3,961	14,767	81,910	96,677
4	(1910, col. k * .1125%)	+ Average Net Investment * 11.25%	46,629	234,150	280,779	1,838	11,216	13,054	48,467	245,366	293,833
5	1080, col. m * ratio (2)	+ Uncollectible Revenues	508	10,453	10,961	0	0	0	508	10,453	10,961
6	1040, col. m * ratio (2)	- Misc. Revenues	1,796	16,203	18,000	99	145	244	1,896	16,348	18,244
7	1290, col. k	- Other Operating Income/Loss	(16)	827	811	(0)	(21)	(22)	(16)	806	789
8	1390, col. k	+ Total Non-Operating Items	112	1,937	2,049	0	87	87	112	2,024	2,136
9	equals	BFP Revenue Requirement	344,027	1,097,858	1,441,885	17,994	67,868	85,862	362,021	1,165,726	1,527,747

SUPPORT CALCULATIONS--
ARMIS CALENDAR YEAR: Jan - Dec., 1993

			GSTC	GTOC	TOTAL
10	(1)	Federal Income Taxes calculated as follows:			
11	(1910, col. k * .1125%)	[((Avg. Net Investment * 11.25%) (3)	46,629	233,351	279,980
12	1510, col. k	- Fixed Charges	13,564	66,544	80,108
13	1520, col. k	+ IRS Income Adjust'ts	1,827	12,554	14,381
14	1530, col. k	+ FCC Taxable Inc. Adjust'ts	140	437	577
15	1540, col. k	- ITC Amortization	2,981	11,330	14,311
16	1550, col. k	- FCC ITC Adj't)	0	0	0
17	times (.35/.65) equals	+ FIT before Adjustments]	17,258	90,713	107,972
18	1540, col. k	- ITC Amortization	2,981	12,275	15,256
19	1550, col. k	- FCC ITC Adjust't	0	0	0
20	equals	Net Federal Income Taxes	14,277	78,438	92,716

FOOTNOTES:

1) Detail calculation of Federal Income Taxes--Line 10
2) Ratio of Total Operating Exp. (1190) col. k (BFP) to col. m (Com. Ln.): *Exhibit A-5*
3) For the calculation of FIT, the investment for Micronesia is not included because MTC is not subject to Mainland Federal Income Tax calculation.
4) Exhibit A-4 source of rule change impacts

TREND OF THE BFP CALENDAR YEAR ACTUAL REVENUE REQUIREMENT

RULE CHANGE IMPACTS--DETAIL

(DOLLARS IN 1000's)

SERIES 1: GSF, SPF, DEM, & OBC

	(A) ARMIS 43-01 ROW NO.	(B) ITEM DESCRIPTION	(L) GSTC	GSF (M) GTOC	(N) (L + M) TOTAL	(O) GSTC	SPF (P) GTOC	(Q) (O + P) TOTAL	(R) GSTC	DEM (S) GTOC	(T) (R + S) TOTAL
	ARMIS CALENDAR YEAR: Jan - Dec., 1993										
1	1190, col. k	+ Total Operating Expenses	15,446	50,096	65,541	(102)	0	(102)			
2	1490, col. m * ratio (2)	+ Total Other Taxes	426	3,121	3,547	(5)	0	(5)			
3	(1)	+ Net Fed. Income Taxes	503	3,471	3,974	(14)	0	(14)			
4	(1910, col. k * .1125%)	+ Average Net Investment * 11.25%	1,869	11,216	13,085	(31)	0	(31)			
5	1060, col. m * ratio (2)	+ Uncollectible Revenues	0	0	0	0	0	0			
6	1040, col. m * ratio (2)	- Misc. Revenues	99	145	244	0	0	0			
7	1290, col. k	- Other Operating Income/Loss	(0)	(21)	(22)	0	0	0			
8	1390, col. k	+ Total Non-Operating Items	0	87	87	0	0	0			
9	equals	BFP Revenue Requirement	18,145	67,868	86,013	(152)	0	(152)	0	0	0

FOOTNOTES:
1) Detail calculation of Federal Income Taxes--Line 10
2) Ratio of Total Operating Exp. (1190) col. k (BFP) to col. m (Com. Ln.): Exhibit A-5
3) For the calculation of FIT, the investment for Micronesia is not included because MTC is not subject to Mainland Federal Income Tax calculation.
4) Exhibit A-4 source of rule change impacts

TREND OF THE BFP CALENDAR YEAR ACTUAL REVENUE REQUIREMENT

SERIES 1: GSF, SPF, DEM, & OBC

	(A) ARMIS 43-01 ROW NO.	(B) ITEM DESCRIPTION	RULE CHANGE IMPACTS--DETAIL: 5% OBC TO CL (U) GSTC	(V) GTOC	(W) (U + V) TOTAL	(X) GSTC	OPEB (Y) GTOC	(Z) (X + Y) TOTAL	RULE CHANGE IMPACTS--SUMMARY: TOTAL RULE CHANGE IMPACTS (AD) (L,O,R,U,X) GSTC	(AE) (M,P,S,V,Y) GTOC	(AF) (AA + AB) TOTAL
	ARMIS CALENDAR YEAR: Jan - Dec., 1993										
1	1190, col. k	+ Total Operating Expenses					DATA		15,343	50,096	65,439
2	1490, col. m * ratio (2)	+ Total Other Taxes					NOT		421	3,121	3,543
3	(1)	+ Net Fed. Income Taxes					REQUIRED		489	3,471	3,961
4	(1910, col. k * .1125%)	+ Average Net Investment * 11.25%							1,838	11,216	13,054
5	1060, col. m * ratio (2)	+ Uncollectible Revenues							0	0	0
6	1040, col. m * ratio (2)	- Misc. Revenues							99	145	244
7	1290, col. k	- Other Operating Income/Loss							(0)	(21)	(22)
8	1390, col. k	+ Total Non-Operating Items							0	87	87
9	equals	BFP Revenue Requirement	0	0	0				17,994	67,868	85,862

FOOTNOTES:
1) Detail calculation of Federal Income Taxes--Line 10
2) Ratio of Total Operating Exp. (1190) col. k (BFP) to col. m (Com. Ln.): Exhibit A-5
3) For the calculation of FIT, the investment for Micronesia is not included because MTC is not subject to Mainland Federal Income Tax calculation.
4) Exhibit A-4 source of rule change impacts

TREND OF THE CALENDAR YEAR ACTUAL BFP REVENUE REQUIREMENT
ADJUSTED FOR THE SALE OF PROPERTY
(DOLLARS IN 1000's)

SERIES 1: GSF, SPF, DEM, & OBC

	(A) ARMIS, 43-01 ROW NO. or EQUIVALENT DATA	(B) ITEM DESCRIPTION	ACTUAL (C) GSTC	(D) GTOC	(E) (C + D) TOTAL	TOTAL RULE CHANGE IMPACTS (REFER TO COLS. L-AC FOR SUPPORT) (F) (AA) GSTC	(G) (AB) GTOC	(H) (AC) TOTAL	ADJUSTED ACTUAL (I) (C + F) GSTC	(J) (D + G) GTOC	(K) (E + H) TOTAL
	ARMIS CALENDAR YEAR: Jan - Dec., 1994										
1	1190, col. k	+ Total Operating Expenses	309,567	794,708	1,104,275	0	0	0	309,567	794,708	1,104,275
2	1490, col. m * ratio (2)	+ Total Other Taxes	12,195	65,605	77,800	0	0	0	12,195	65,605	77,800
3	(1)	+ Net Fed. Income Taxes	15,519	95,524	111,043	0	0	0	15,519	95,524	111,043
4	(1910, col. k * .1125%)	+ Average Net Investment * 11.25%	48,034	252,802	300,835	0	0	0	48,034	252,802	300,835
5	1060, col. m * ratio (2)	+ Uncollectible Revenues	3,649	8,933	12,582	0	0	0	3,649	8,933	12,582
6	1040, col. m * ratio (2)	- Misc. Revenues	1,854	19,645	21,499	0	0	0	1,854	19,645	21,499
7	1290, col. k	- Other Operating Income/Loss	27	183	210	0	0	0	27	183	210
8	1390, col. k	+ Total Non-Operating Items	158	1,430	1,588	0	0	0	158	1,430	1,588
9	equals	BFP Revenue Requirement	387,242	1,199,173	1,586,414	0	0	0	387,242	1,199,173	1,586,414

SUPPORT CALCULATIONS--
ARMIS CALENDAR YEAR: Jan - Dec., 1994

	(A)	(B)	(C) GSTC	(D) GTOC	(E) TOTAL
10	(1) Federal Income Taxes calculated as follows:				
11	(1910, col. k * .1125%)	[((Avg. Net Investment * 11.25%) (3)	48,034	252,002	300,036
12	1510, col. k	- Fixed Charges	12,950	58,321	71,271
13	1520, col. k	+ IRS Income Adjust'ts	1,781	14,339	16,120
14	1530, col. k	+ FCC Taxable Inc. Adjust'ts	94	337	431
15	1540, col. k	- ITC Amortization	2,848	10,836	13,684
16	1550, col. k	- FCC ITC Adj't)	0	0	0
17	times (.35/.65) equals	+ FIT before Adjustments]	18,367	106,358	124,725
18	1540, col. k	- ITC Amortization	2,848	10,834	13,682
19	1550, col. k	- FCC ITC Adjust't	0	0	0
20	equals	Net Federal Income Taxes	15,519	95,524	111,043

FOOTNOTES:
1) Detail calculation of Federal Income Taxes--Line 10
2) Ratio of Total Operating Exp. (1190) col. k (BFP) to col. m (Com. Ln.): Exhibit A-5
3) For the calculation of FIT, the investment for Micronesia is not included because MTC is not subject to Mainland Federal Income Tax calculation.
4) Exhibit A-4 source of rule change impacts

TREND OF THE CALENDAR YEAR ACTUAL BFP REVENUE REQUIREMENT

RULE CHANGE IMPACTS--DETAIL

(DOLLARS IN 1000's)

SERIES 1: GSF, SPF, DEM, & OBC

	(A) ARMIS 43-01 ROW NO.	(B) ITEM DESCRIPTION	GSF (L) GSTC	GSF (M) GTOC	GSF (N) (L + M) TOTAL	SPF (O) GSTC	SPF (P) GTOC	SPF (Q) (O + P) TOTAL	DEM (R) GSTC	DEM (S) GTOC	DEM (T) (R + S) TOTAL
	ARMIS CALENDAR YEAR: Jan - Dec., 1994										
1	1190, col. k	+ Total Operating Expenses									
2	1490, col. m * ratio (2)	+ Total Other Taxes									
3	(1)	+ Net Fed. Income Taxes									
4	(1910, col. k * .1125%)	+ Average Net Investment * 11.25%									
5	1060, col. m * ratio (2)	+ Uncollectible Revenues									
6	1040, col. m * ratio (2)	- Misc. Revenues									
7	1290, col. k	- Other Operating Income/Loss									
8	1390, col. k	+ Total Non-Operating Items									
9	equals	BFP Revenue Requirement	0	0	0	0	0	0	0	0	0

FOOTNOTES:
1) Detail calculation of Federal Income Taxes--Line 10
2) Ratio of Total Operating Exp. (1190) col. k (BFP) to col. m (Com. Ln.): Exhibit A-5
3) For the calculation of FIT, the investment for Micronesia is not included because MTC is not subject to Mainland Federal Income Tax calculation.
4) Exhibit A-4 source of rule change impacts

TREND OF THE CALENDAR YEAR ACTUAL BFP REVENUE REQUIREMENT

SERIES 1: GSF, SPF, DEM, & OBC

	(A) ARMIS 43-01 ROW NO.	(B) ITEM DESCRIPTION	RULE CHANGE IMPACTS--DETAIL: 5% OBC TO CL (U) GSTC	(V) GTOC	(W) (U + V) TOTAL	OPEB (X) GSTC	(Y) GTOC	(Z) (X + Y) TOTAL	RULE CHANGE IMPACTS--SUMMARY: TOTAL RULE CHANGE IMPACTS (AD) (L,O,R,U,X) GSTC	(AE) (M,P,S,V,Y) GTOC	(AF) (AA + AB) TOTAL
	ARMIS CALENDAR YEAR: Jan - Dec., 1994										
1	1190, col. k	+ Total Operating Expenses					DATA		0	0	0
2	1490, col. m * ratio (2)	+ Total Other Taxes					NOT		0	0	0
3	(1)	+ Net Fed. Income Taxes					REQUIRED		0	0	0
4	(1910, col. k * .1125%)	+ Average Net Investment * 11.25%							0	0	0
5	1060, col. m * ratio (2)	+ Uncollectible Revenues							0	0	0
6	1040, col. m * ratio (2)	- Misc. Revenues							0	0	0
7	1290, col. k	- Other Operating Income/Loss							0	0	0
8	1390, col. k	+ Total Non-Operating Items							0	0	0
9	equals	BFP Revenue Requirement	0	0	0				0	0	0

FOOTNOTES:
1) Detail calculation of Federal Income Taxes--Line 10
2) Ratio of Total Operating Exp. (1190) col. k (BFP) to col. m (Com. Ln.): Exhibit A-5
3) For the calculation of FIT, the investment for Micronesia is not included because MTC is not subject to Mainland Federal Income Tax calculation.
4) Exhibit A-4 source of rule change impacts